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TAGS: [ECPS](#) [EAID](#) [PGOV](#) [PREL](#) [AF](#)
SUBJECT: AWCC BETS ON DRAMATIC MARKET EXPANSION

REF: A. 09 KABUL 2962
[1](#)B. 09 KABUL 3863

Classified By: A/CDDEA Stephen Cristina for Reasons 1.4 (b) and (d).

[1](#)1. (SBU/NF) Summary: Afghan Wireless Communication Company (AWCC), one of the Afghanistan's largest cellular providers, plans to invest millions of dollars in dramatic infrastructure expansion in 2010. The company will build nearly 400 new towers, mostly utilizing its own capital, but 40 will be funded by the Afghan Government-run Telecommunications Development Fund (TDF). New towers will be clustered in Kabul, Kandahar, Herat, Jalalabad and Kunduz.

AWCC currently provides communication services to nearly every Afghan bank and will debut a mobile money transfer product in the first half of the year. AWCC hopes lower rates and better coverage will encourage existing customers to talk more, and new customers drawn by recent service expansions have far exceeded AWCC's expectations. If future sites are equally successful, AWCC could overtake Roshan as the cellular market leader. The company's optimism rests on Afghanistan's still-increasing demand for cellular service and a market that is growing by more than 1 million users per year.
End summary.

BETTING THE FARM ON INCREASING CUSTOMER DEMAND...

[1](#)2. (SBU/NF) Owned by an American citizen and headquartered in Fort Lee, New Jersey, AWCC was the first wireless operator to enter Afghanistan but has fallen behind rival Roshan in recent years. Roshan claims approximately 2.3 million customers, while AWCC hovers closer to 2 million. During a February 10 meeting with Econoffs, AWCC Managing Director Amin Ramin and Director of Business Operations Vishal Rattanpal said the company will utilize its own capital funding for the vast majority of new cellular towers. Seventy will be built in Kabul to enhance indoor and outdoor coverage and provide data capability to existing subscribers.

(Note: Both AWCC and Roshan offer market of internationals and businesspeople.) Sixty towers will be erected in Kandahar province, while multiple towers will go up in Herat, Jalalabad and Kunduz.

[1](#)3. (SBU/NF) In addition to expanding its infrastructure, AWCC will lower prices to entice existing users to talk more, Ramin said. On February 10 he held a press conference to announce a new pricing plan of 200 minutes of calling per day for a daily charge of 25 Afghani (50 U.S. cents). This rate is Afghanistan's lowest and reflects the increasing amount of time users spend talking on their cellular phones. Note: AWCC's new Amcit Commercial Development Director has previous experience in East Africa where he successfully launched a similar marketing plan with dramatically successful results. Based on his discussions with Econoffs, we expect to see additional marketing innovations which will expand the

average Afghans' access to more affordable telephone and internet service in AWCC's service package in the near future. End note.

...WITH A LITTLE HELP FROM THE AFGHAN GOVERNMENT

14. (SBU/NF) In addition to self-funded expansion, AWCC is utilizing GIROA Telecommunications Development Fund (TDF) support to build 40 towers in areas thought to be commercially unfeasible (reftel A). Funded by a tax on every carrier, the TDF is administered by the Afghan Telecommunications Regulatory Authority (ATRA) and designed to expand rural service. Ramin said the first tower, in Nuristan province, is already operational, and a site in Jalalabad is ready for construction but security concerns have delayed progress. Four TDF-funded towers each are planned for Badakhshan, Pakhtiya and Zabul. Rattampal said that at one site recently constructed in Badakhshan, AWCC had expected 500 customers to subscribe to service. Within the first week, 5,000 people living near the site were utilizing AWCC's network) a powerful indicator of the ever-increasing market potential for Afghan wireless providers.

15. (SBU/NF) Four TDF-supported sites in Dai Kundi province are planned, but massive snowfall, including a major avalanche near the Salang Tunnel, has prevented their construction. Additionally one village in the Sang-i-Takht district of Dai Kundi reportedly confiscated AWCC's truck as it pass through, along with \$250,000 worth of equipment the truck was carrying. Villagers insisted the AWCC engineers erect the tower in their town, rather than the district center. AWCC has asked the provincial governor and police

chief of help with no success. Post will follow up at the provincial level and urge action by law enforcement officials.

BANK PARTNERSHIPS WILL LEAD TO M-MONEY SERVICES

16. (SBU/NF) AWCC provides communication services to virtually all of the Afghanistan's banks, including Kabul Bank (the nation's largest), Azizi, Bakhtar, Maiwand, Pashtany, Ghazanfar and Afghan United banks. Ramin said that Kabul Bank, using AWCC-provided technology, will open 200 new branches and hire an additional 5,000 employees. Many of these branches will be on ANSF bases, enabling ANSF employees who do not already do so to receive their salary through direct deposit and withdraw cash at their base. AWCC's technical support allows customers of each bank to check their balance, initiate a balance transfer and request a stop-check order using their cellular phones.

17. (SBU/NF) In addition to its current banking services, AWCC plans to launch a mobile money transfer platform in the spring, to compete with Roshan (reftel B). AWCC plans to import a successful product from a third-party company and implement it locally. Ramin said the company was in discussion with the Ministry of Interior and the Ministry of Defense to explore the possibility of regarding paying Ministry employees through mobile money transfer. Post will continue to encourage the Afghan Government to support mobile money transfer initiatives, which has the potential to drive more Afghans into a more formal and transparent financial system and aids efforts to combat corruption and illicit finance.

18. (SBU/NF) AWCC's planned expansion is well-timed to market forces. The number of Afghan cellular subscribers has grown by more than 1 million per year, and AWCC's recent experience suggests that the 60 percent of Afghans who do not own cellular phones would like to. Coupled with Roshan, a stronger AWCC could force smaller rivals MTN and Etisalat out of the Afghan market. End comment.
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